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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 003962

SIPDIS

STATE PASS AIT/W

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TAGS: [PGOV](#) [PREL](#) [TW](#)

SUBJECT: SEPTEMBER 25 RALLIES FOR AND AGAINST DEFENSE
PROCUREMENT SPECIAL BUDGET

REF: TAIPEI 3947

Classified By: AIT Acting Director David J. Keegan, Reason(s): 1.4 (B/D
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1. (C) On Sunday, September 25, 20,000-40,000 people marched in support of the USD 11.6 million Defense Procurement Special Budget. The march and rally following were organized by the "Hand-in-Hand to Protect Taiwan Grand Alliance," the ruling Democratic Progressive Party (DPP), and several pro-Taiwan independence groups. At the same time, some 200 protestors opposing the Special Budget held a sit-in in front of the Legislative Yuan (LY) proclaiming the US arms deal would fuel an arms race with China. Some members from the two groups traded harsh words, but there was no violence.

2. (C) March organizer Huang Chao-tang, Chairman of World United Formosans for Independence (WUFI), told the crowd that the march showed the world that the people of Taiwan would not be bullied by China and are determined to defend Taiwan's independent sovereign status. Former President Lee Teng-hui and Vice President Annette Lu did not participate in the parade or give their announced speeches at the rally on Ketagalan Boulevard in front of the Presidential Palace following the march, Lee reportedly because of back problems. A few government officials participated in the Sunday events, including Examination Yuan President Yao Chia-wen (see reftel), Council of Labor Affairs Minister Lee Ying-yuan, and National Policy Adviser Wu Shu-ming. Speaking on behalf of a contingent of several thousand DPP supporters at the rally, DPP Legislator Trong Chai charged that the opposition parties are selling out Taiwan to China by boycotting the arms procurement package in the LY Procedure Committee. DPP elder Shen Fu-hsiung told AIT that a large number of Taiwanese from abroad attended the rally, many former WUFI comrades from Shen's twenty years in the U.S. (Shen was a U.S. citizen and M.D. before returning to Taiwan in 1986 to take up the DPP independence cause). Unlike Shen himself, however, who said he had moderated his views over the ensuing two decades in order to deal with the "reality" of Taiwan Blue-Green politics and cross-Strait situation, the overseas Taiwanese had not changed and still lived in the rarified world of overseas Taiwanese politics, meaning total commitment to independence.

3. (C) In a television interview, Premier Frank Hsieh charged that the opposition parties are trying to weaken Taiwan by boycotting the government's defense budget, and he warned that the majority in the LY may sell Taiwan out to China. (Comment: The fact that Hsieh made this accusation on a "pro-Green," or independence-leaning, station suggests he was seeking to encourage the faithful of government support rather than to speak to the Blue opposition. End Comment.) Meeting with Taiwan reporters during his visit to the Dominican Republic on September 25, President Chen Shui-bian criticized the opposition parties for boycotting the package. Chen pointed to opposition People First Party (PFP) Chairman James Soong as the main obstacle blocking the package from being reviewed on the legislative floor. PFP Vice Chairman Chang Chao-hsiung claimed to reporters that KMT Chairman Ma Ying-jeou has softened his stance and is trying to persuade PFP lawmakers to agree to at least move the arms procurement package to the LY floor for formal discussion. Chang threatened to discipline any PFP member who supports this effort. KMT Policy Committee Executive Director Tseng Yung-chuan and Legislator Su Chi publicly denied Chang's allegations, insisting the KMT has not decided whether to support the arms package. However, Su added, the KMT definitely will not support procurement of PAC-III missiles because they had been "vetoed" by voters in a March 2004 referendum. Chairman Ma echoed the referendum argument to the media, adding that it is President Chen and the DPP that do not attach importance to the arms procurement project as evidenced by the three years that passed between President Bush's approval of the Special Budget package and the DPP government's submission of the bill to the LY.

4. (C) Comment. The September 25 pro-Defense Special Budget march and rally, along with the smaller opposition demonstration, appear only to have further politicized the Special Budget issue. Support for and opposition to the Defense Special Budget has already become a political shibboleth defining Green-Blue opposition. Saturday's

rallies make this polar opposition even more difficult to overcome. The only signs to date of possible breaks in the legislative logjam are various statements by KMT leaders, including Chairman Ma LY Speaker Wang Jin-pyng, that they might be willing to support moving the Special Budget on to the LY floor for discussion. This, however, would constitute only a first step in the legislative process with no hint of further support, and with several LY pressure points at which any dissenting political party could put an automatic four-month hold on further deliberation, bringing the LY into its Spring session. End Comment.

KEEGAN